

# Atlanta Retail

## Q3 2025

QUARTERLY MARKET REPORT

partners

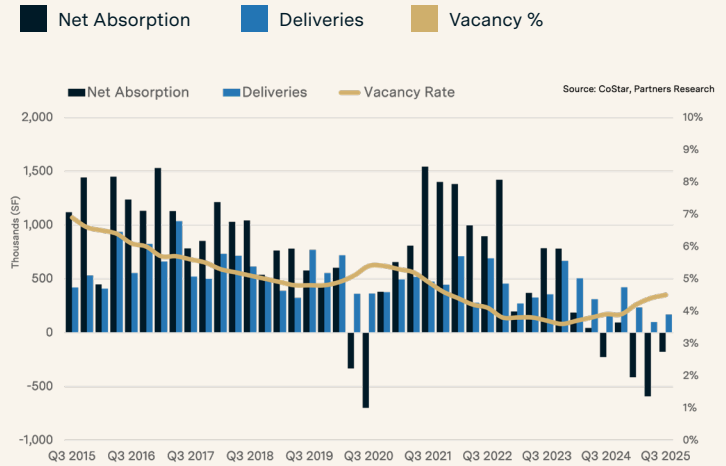
# Executive Summary

## Atlanta Retail Market Remains Resilient Despite Rising Vacancy and Negative Absorption

Atlanta’s retail market shows signs of stabilization, with the overall vacancy rate at 4.5% in Q3 2025. The vacancy rate increased 10 basis points over the quarter and is up 30 basis points year-over-year, but it remains below the historical norm of 5.3%. Vacancy rose due to continued negative absorption; however, leasing activity remained solid at 1.0 million square feet, down 27.6% from the previous quarter and 25.4% from Q3 2024. The construction pipeline continues to contract, which may help curb further vacancy increases in the near term. Existing expansion opportunities are limited for tenants across most submarkets. Entertainment and big box stores continue to show interest in expansion, notable new leases included Primemark at Sugarloaf Mills, Autozone at South DeKalb Plaza and Crunch Fitness at Sugarloaf Market.

Limited new supply is moderating downward pressure on rental rates, which stand at \$19.18 per sq. ft., down 2.2% quarter-over-quarter but up 0.5% year-over-year. The construction pipeline has decreased to 612,298 square feet underway, down 42.9% from a year ago. With vacancy expected to remain relatively low and new supply constrained, competition for space is likely to continue into late 2025 and beyond.

## SUPPLY & DEMAND



## KEY MARKET INDICATORS

	CURRENT Q3 2025	PRIOR QUARTER Q2 2025		PRIOR YEAR Q3 2024	
Vacancy (%)	4.5	4.4	↑	4.2	↑
Net Absorption (SF)	-178,190	-592,459	↑	-342,469	↓
Leasing Activity (SF)	1,023,820	1,414,023	↓	1,372,800	↓
Deliveries (SF)	168,813	98,619	↑	221,555	↓
Construction (SF)	612,298	539,848	↑	1,071,617	↓
Inventory (SF)	327,617,537	327,429,605	=	326,490,759	↑
Avg Asking NNN Rent (\$)	\$19.18	\$19.61	↓	\$19.08	↑



## MARKET OVERVIEW

### Atlanta Economic Update

The unemployment rate for the Atlanta metro area stood at 3.7% in July 2025, remaining well below the national average of 4.6%, according to the U.S. Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics. Total nonfarm employment in the Atlanta area reached 3.124 million jobs in July 2025, reflecting a 0.7% increase from July 2024, as reported by the BLS Current Employment Statistics.

Job growth accelerated modestly, with 21,200 jobs added over the past year, showing gains in key sectors such as education and health services, financial activities, and leisure and hospitality. Counties including Cobb (3.5% unemployment), DeKalb (3.6%), Fulton (3.9%), and Gwinnett (3.4%) continue to anchor this economic vitality through competitive wages—averaging \$1,533 weekly, surpassing the U.S. figure of \$1,507—and consistent employment expansion. Looking ahead, Atlanta’s advantages in cost of living and business operations relative to coastal hubs sustain its status as a magnet for companies and talent.

## Leasing Remains Solid at 1.0 Million sq. ft. for the Quarter

Leasing activity (new leases and renewals) came in at 1.0 million sq. ft. for Q3 2025, this was a 27.6% decrease from last quarter and 25.4% below Q3 2024. With new construction trending downward and the total vacancy at 4.5%, there are limited viable options for existing retail tenants looking to expand for most submarkets. Until more product is completed, leasing activity is likely to remain below historic norms.

## Demand Remains Negative but Improves Quarter-Over-Quarter

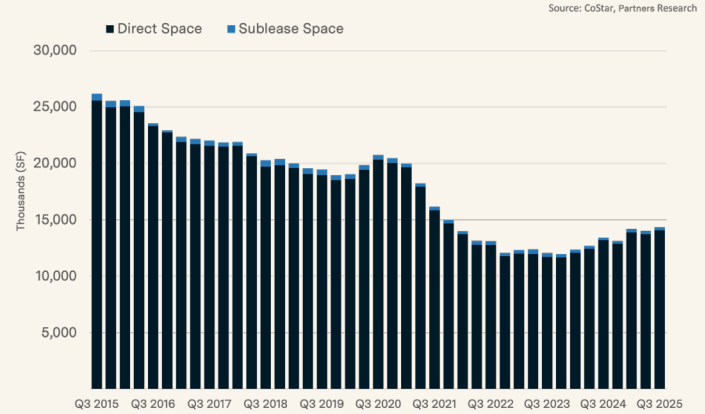
Demand for space remained negative in Q3 2025, recording -178,190 sq. ft. of negative net absorption. Year-to-date net absorption stands at -1,007,086 sq. ft. This represents an improvement from Q2's more significant negative absorption, though it is still below Q3 2024 levels. Notable submarket activity included positive absorption in Northeast (153,543 sq. ft.), North Fulton (141,092 sq. ft.), and East Atlanta (98,627 sq. ft.), offset by significant declines in Airport/South Atlanta (-371,792 sq. ft.). On the bright side, submarkets like East Atlanta and Cumberland/Galleria showed resilience with positive quarterly absorption.

## Vacancy Rate Inches up 10 Basis Points

The overall vacancy rate in Atlanta's Retail market is at 4.5%, up from 4.4% last quarter. This is up 30 basis points over the past year but still well below the historic norm of 5.3%. Like most major Retail markets in the U.S., vacancy is near record lows, even though demand remained negative in Q3 2025. Atlanta has maintained lower vacancy due to limited new deliveries and a shrinking construction pipeline.

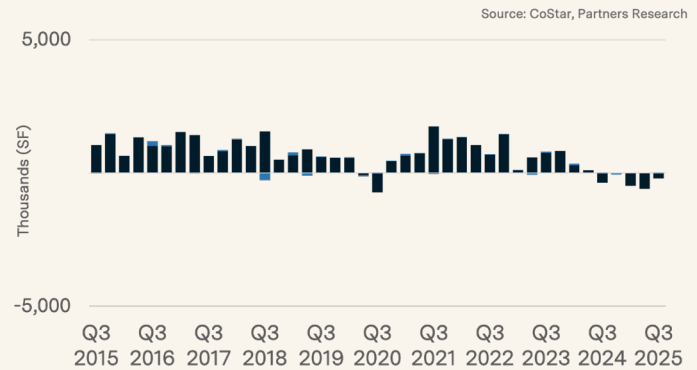
## LEASING ACTIVITY

■ Class A ■ Class B



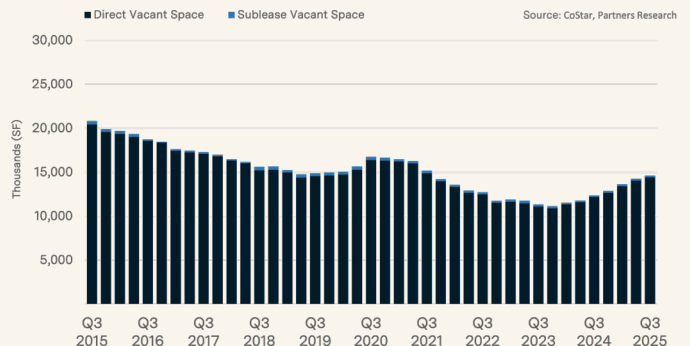
## NET ABSORPTION

■ Direct ■ Sublease ■ Total



## VACANCIES

■ Direct Space ■ Sublease Space



## Deliveries Increase Slightly, with Limited Construction Pipeline

New deliveries increased to 168,813 sq. ft. in Q3 2025, up 71.2% from Q2 2025 but down 23.8% from Q3 2024. The construction pipeline remains constrained at 612,298 sq. ft. currently underway. This is up 13.4% quarter-over-quarter but down 42.9% over the past year and will limit expansion options for many tenants over the next year or more.

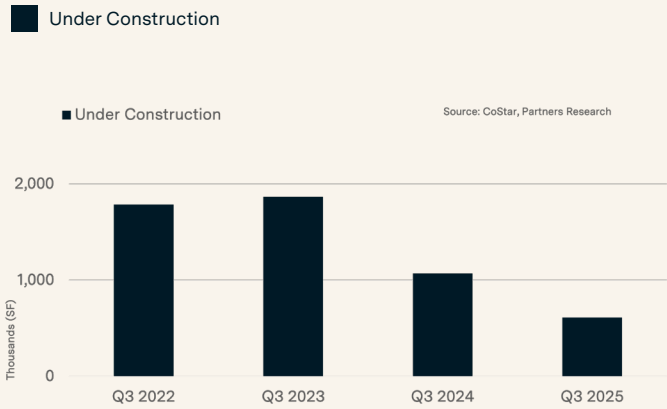
## Rental Rates Dip Slightly but Remain Elevated

The average monthly rental rate (NNN) for Atlanta’s Retail market is \$19.18 per sq. ft. This is down from last quarter (2.2%) but up 0.5% over the past year. Over recent years, rates have been trending higher and stand near all-time highs for the market overall.

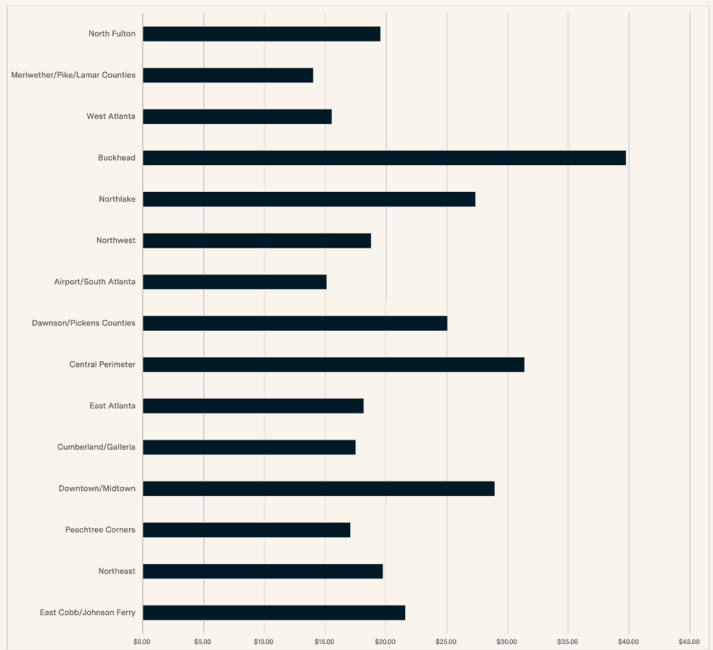
## Investment Sales Trends

Over the past year, 846 retail properties were sold in the Atlanta Retail market with an average transaction price of \$170 per sq. ft. and an average cap rate of 7.3%. Notable recent sales include Invesco acquired the 317,301 sq. ft. Georgia Crossing from Washington Prime Group for \$82.3 million. The property is 100% leased to a diverse mix of national retailers including Best Buy, Hobby Lobby, TJ Max, Nordstrom Rack, Staples, Cavender’s and Ulta. A Target also anchors the center, although it wasn’t included in the trade. Also, Hendon Properties acquired the 174,175 sq. ft. Sandy Plains Village from SITE Centers for \$25 million (\$143) per sq. ft. The property was 91.3% occupied at the time of sale, with a 8.8% CAP rate. The center is anchored by Movie Tavern, Painted Tree Boutiques, and a Dollar Tree.

## UNDER CONSTRUCTION



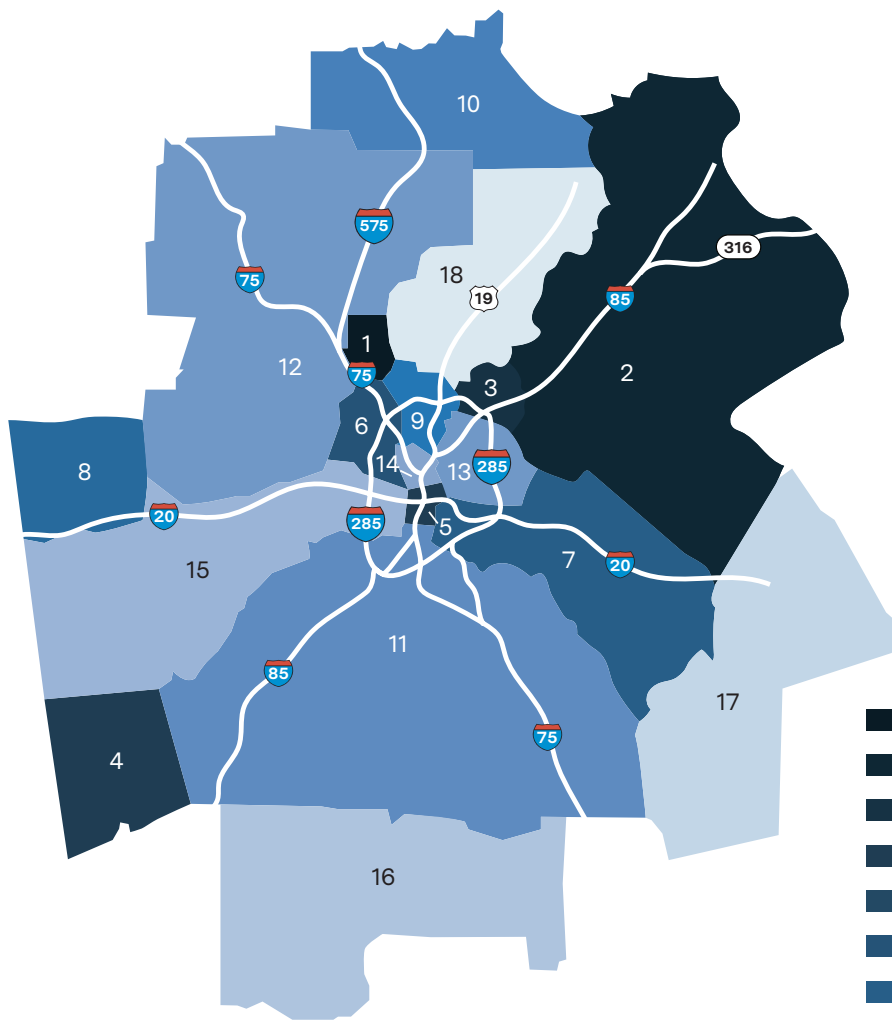
## OVERALL GROSS ASKING RENT (\$/PSF)



# Market Overview

Submarket (Total reflects Class A/B Only)	Net Rentable Area (SF)	Total Vacancy (%)	Q3 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Q3 2025 Leasing Activity	Q4 2024 Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN (\$/PSF)
Northeast	66,135,397	4.5	153,543	-337,702	213,125	28,200	115,508	19.73
Peachtree Corners	14,809,971	2.9	-5,372	-9,213	50,902	0	0	17.05
Heard County	123,700	0.0	0	0	0	0	0	-
Downtown/Midtown	10,261,203	7.3	-43,856	-125,980	33,541	0	143,073	28.92
Cumberland/Galleria	18,506,183	3.1	31,074	-50,655	58,391	0	11,235	17.49
East Atlanta	25,210,888	3.7	98,627	54,118	52,300	36,525	56,780	18.14
Haralson County	783,813	0.0	0	1,250	0	0	0	-
Central Perimeter	9,745,375	5.0	-13,704	44,123	18,726	0	0	31.36
Dawson/Pickens Counties	4,489,214	2.0	13,650	-2,917	10,715	14,050	0	25.03
Airport/South Atlanta	65,292,005	5.6	-371,792	-298,458	226,463	38,191	87,314	15.10
Northwest	18,081,842	1.6	14,583	114,417	104,813	5,600	97,563	18.76
Northlake	6,587,473	10.9	-48,314	-98,455	12,728	0	0	27.34
Buckhead	11,820,499	2.9	-30,322	-33,330	26,466	0	0	39.72
West Atlanta	28,194,951	3.4	-57,196	41,422	84,212	38,589	22,500	15.52
Meriwether/Pike/ Lamar Counties	1,524,766	0.9	6,075	-6,075	0	0	0	14.00
Morgan/Jasper Counties	207,497	0.0	0	0	0	0	0	-
North Fulton	21,107,762	4.7	141,092	-10,333	98,342	7,658	54,600	19.52
<b>Atlanta Total</b>	<b>327,617,537</b>	<b>4.5</b>	<b>-178,190</b>	<b>-1,007,086</b>	<b>1,023,820</b>	<b>168,813</b>	<b>612,298</b>	<b>19.18</b>

# Atlanta Retail Submarkets



- 01. East Cobb / Johnson Ferry
- 02. Northeast
- 03. Peachtree Corners
- 04. Heard County
- 05. Downtown / Midtown
- 06. Cumberland / Galleria
- 07. East Atlanta
- 08. Haralson County
- 09. Central Perimeter
- 10. Dawson / Pickens Counties
- 11. Airport South Atlanta
- 12. Northwest
- 13. Northlake
- 14. Buckhead
- 15. West Atlanta
- 16. Meriwether / Pike / Lamar Counties
- 17. Morgan / Jasper Counties
- 18. North Fulton

For More Information, Contact

**Steve Triolet**

SVP of Research and Market Forecasting

tel 214 223 4008

[steve.triolet@partnersrealestate.com](mailto:steve.triolet@partnersrealestate.com)